

Financial Matters

Excerpt from the Bylaws of the National Commission Against Drunk Driving
http://www.ncadd.com/policy_c.cfm: "... alcohol-related programs, especially those relating to enforcement and adjudication, can and should be made self-funding."

Adequate funding is vital for establishing a program that is likely to be sustainable. Key steps to secure your financial future include:

- ▶ Make sure your planning team is diverse and is well-connected throughout the community. You will need to leverage every one of their ideas and contacts when fundraising.
- ▶ Develop a realistic, detailed budget. You don't want to underestimate the expenses involved. Be realistic about cash flow just as you would if running your own business or as you do in your own household.
- ▶ Pursue all funding avenues with a dedicated effort. You should have specific individuals overseeing the process and making sure all of the contacts are initiated and follow up is made.
- ▶ Don't take "no" for an answer. Experienced salespeople will tell you that few sales are made in the initial call. It takes repeated effort to establish trust and make a sale. When you receive a negative response, you should still consider that prospect a warm lead and continue to make contacts. Persistence will pay off in the long run.
- ▶ Set appropriate fares. Pricing is a crucial decision. You must establish the right price that will allow sustainability yet not turn away prospective riders. Feedback from your target market will be vital when making this decision. Having riders pay for rides will raise funds and will also build more community support because you are not giving away the service.

Justification for Support

Alcohol-related crashes and fatalities are very costly to individuals, private enterprise, government and society as a whole. Statistics show:

- ▶ Alcohol-related crashes cost society over \$45 billion every year. Just one alcohol-related fatality is estimated to cost society about \$950,000. Each alcohol-related injury averages about \$20,000.



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- ▶ Almost a quarter of first-year medical costs for persons hospitalized as a result of a crash are paid by tax dollars, about two-thirds through Medicaid and one-third through Medicare.
- ▶ Employers pay for approximately half the cost of motor vehicle crashes, through insurance, disability, worker's compensation, and lost productivity. Eventually, we all bear the costs through tax-payer supported services and programs, higher insurance costs and higher prices on goods and services (NHTSA publication "Setting Limits, Saving Lives: The Case for .08 BAC Laws"
<http://www.nhtsa.dot.gov/people/injury/alcohol/Setting%20Limits%20Saving%20Lives%20htm/appA.html>).

COST-SAVINGS CASE STUDY

The demonstration project in the original **Road Crew** communities illustrates that you can achieve dramatic cost savings within a short period of time. Results show:

- ▶ 19,757 rides were given to potential drunk drivers during the one-year period.
- ▶ The average cost of an alcohol-related crash in Wisconsin is about \$56,000; the cost to avoid a crash with the **Road Crew** was about \$15,300.
- ▶ These rides are estimated to have prevented 15 alcohol-related crashes.
- ▶ The projected value of saving 15 crashes is \$840,000, while direct start-up costs for the three community projects combined was only \$230,000.
- ▶ Total savings to the citizens of Wisconsin were estimated at \$610,000.

Another key measure of the program's success was awareness and acceptance within community.

- ▶ Awareness in the general community was 68%; it ranged from 70% to 100% in other groups. Among those who were aware, over 80% surveyed had positive feelings about the program.
- ▶ Community leaders felt that the program should continue into the future.

Project leaders are confident that the results shown here can be replicated in virtually any small community in the United States. These figures provide a compelling case that you can make to potential donors and project participants to support a **Road Crew** program in your community.



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In addition, a 1994 study by economist Ted R. Miller of the National Public Services Research Institute reported:

- ▶ The indirect costs of alcohol-related crashes (pain, suffering and lost quality of life) increase the toll for alcohol-related crashes to \$134 billion a year.
- ▶ Alcohol-related crashes account for 19% of auto insurance payments in 1993 (a decline from 26% in 1990).
- ▶ An alcohol-impaired driving crash costs each innocent victim \$36,000.

Funding Sources

There are various sources of funds that you might pursue, with each providing different benefits. These include the fares charged for rides, trade or in-kind contributions, raised funds and direct contributions.

RIDE FARES

Fares are the foundation for providing on-going service to the community. Most people involved in this effort feel the rider should be required to contribute to the costs. Charging fares allows those who benefit from the service to "give back" so that others can have the same benefit in the future. Putting a price on the service gives it value, and people may be more likely to use it if they don't feel it is charity. A reasonable fare level may be \$10-15 for a full night of service to, from and among the bars, while \$4-5 might be charged for a single ride segment.

TRADE OR IN-KIND

A business or other entity might provide services you need in exchange for recognition of their sponsorship. Receiving trades or in-kind services can significantly reduce the amount of hard dollars that have to be raised. It can be time-consuming to solicit trades, but is usually well-worth the effort. Anyone who provides a trade or in-kind service becomes one of the project partners, committed to its success. They can help publicize the service; while in return, you publicize their business. It's a win-win situation for all involved. Common trades include:

- ▶ cellular phone service
- ▶ gas or vehicle maintenance
- ▶ media advertising
- ▶ insurance coverage
- ▶ individual incentives, including merchandise, coupons, refreshments or prizes
- ▶ group incentives, like parties, sports tickets and concerts



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RAISED FUNDS

Coalitions might consider a fundraiser to kick off their **Road Crew** program. There are unlimited possibilities for these events, which would coordinate with ongoing fundraising efforts. Some ideas include: a fun run, a benefit concert, golf outing or casino night.

Excerpt from the Bylaws of the National Commission Against Drunk Driving
http://www.ncadd.com/policy_c.cfm: "Private sector support of drunk driving prevention programs should be sought in all industries, since all of us are affected by the results of drunk driving. Those industries which deal with alcohol or motor vehicles, however, should be especially involved in prevention. The motor vehicle is a part of the equation that results in alcohol related crashes."

DIRECT CONTRIBUTIONS

Businesses, foundations, service organizations, governmental agencies and private individuals are sources of direct contributions. A great activity for your planning team is brainstorming who to contact in each category. Don't forget to include:

- ▶ **Businesses:** Chambers of commerce, major employers, automobile dealers and repair shops, insurance companies, alcohol beverage wholesalers and distributors and medical centers.
- ▶ **Foundations:** Community foundations, United Way, private foundations, college and university funds (including alumni, board of trustees, and academic departments) and local charities. These online resources listed below can help you identify sources of grant funding.

The Foundation Center <http://fdncenter.org/>

Guide Star <http://www.guidestar.org/>

- ▶ **Service organizations:** Local chapters of MADD (Mothers Against Drunk Driving), Rotary Club, Elks, Lodge Club, Jaycees, Optimists and churches.



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- ▶ Governmental agencies: The original **Road Crew** project was funded by the National Highway Traffic Safety Administration, with additional support from the Wisconsin Department of Transportation. You might seek funding from similar agencies or others such as police and sheriff's departments and traffic safety agencies. Again, if you have done a good job in assembling your coalition, you should already have representatives from these groups on your team.

Check with your government partners at the state, county and local level to see what happens to revenues collected for OWI convictions. In Wisconsin, a portion of these revenues are set aside to develop ride programs for impaired drivers. If no such legislation exists, this presents an opportunity for you to influence public policy and seek a portion of these funds for your program.

- ▶ Private individuals: You may find individuals who are interested in putting their own funds into the project, especially if they or a loved one have been impacted by drunk driving. You could consider a patrons club or some other recognition program for individual donors.

The biggest challenge in raising direct funds is having individuals who are qualified and comfortable with this kind of fundraising making the requests. There is a great deal of competition for charitable funds, and you'll need expertise in crafting the message you are presenting to donors, and someone with the communication and organizational skills to approach all of the prospects on your list. An important part of fundraising is to be able to show prospective donors how their contribution will benefit them and their community. To that end, successes from the three demonstration communities can be used as an example of what can be done. Being proud of your program, showing enthusiasm and speaking with confidence about the purpose of the **Road Crew** will be your biggest asset in gaining financial support.

Seeking Nonprofit Status

The process for obtaining nonprofit status varies from state to state. When granted, it may make an organization eligible for certain benefits, such as state sales, property and income tax exemptions. Organizing as a nonprofit at the state level does not automatically grant an entity exemption from federal income tax, however. To qualify as tax-exempt from federal income taxes, an organization must meet requirements set forth in the Internal Revenue Code. For more information, see Publication 557 <http://www.irs.gov/publications/p557/index.html>.



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To be considered for nonprofit status, your organization must serve some charitable, religious, educational, scientific or literary purpose beneficial to the public interest. If so, this allows you to seek tax exempt status from the IRS by acquiring the designation of being a 501c3 charitable organization. Incorporating as a nonprofit is very similar to incorporating as a for-profit. Each nonprofit corporation must file articles of incorporation specifically stating the purpose of the organization, establish by-laws and consider regulations and operational requirements. Many organizations have found that obtaining nonprofit status is very difficult and time consuming, so you might anticipate using legal council to guide you through the process.

You will need to contact your secretary of state for information on their application process. Many states have information and forms available online, such as forms for articles of incorporation, a fee schedule for filing costs, a synopsis or full text of nonprofit law and regulations pertaining to your state and other useful information. An excellent resource for basic information is located at [About.com](http://about.com). Check out their articles on How to Start a Nonprofit Organization and Starting a Nonprofit Frequently Asked Questions, located at <http://nonprofit.about.com/cs/nonprofitstartup/>.

As an interim step, you may want to partner with an established nonprofit organization, such as a local Chamber of Commerce, who would be willing to accept contributions on your behalf.

Sample Budget

The following example shows some of the income and expense items you might encounter with your ride program. This will help you develop a realistic budget before you begin fundraising.

INCOME	Cash	In-Kind	Total
Ride Fares			
Trade or In-Kind			
Raised Funds			
Direct Contributions			
TOTAL			



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Expenses	Total Amount	Total Donated	Actual Cost
Equipment			
Vehicles			
Wheelchair Lift			
Two-Way Radio System			
Cellular Phone			
Dispatch Phone			
Pagers			
Other			
Total Equipment			

Operations			
Gasoline			
Vehicle Supplies			
Staff Training			
Phone Service			
Staff Uniforms			
Postage			
Printing			
Office Supplies			
Other			
Total Operations			

Payroll			
Coordinator			
Drivers			
Dispatcher			
Other			
Total Payroll			

Promotion			
Brochures			
Incentives			
Specialty Items			
Advertising			
Other			
Total Promotion			



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Total Income	
Equipment	
Operations	
Payroll	
Promotion	
Total Expenses	
PROFIT/LOSS	

